

City of Tukwila



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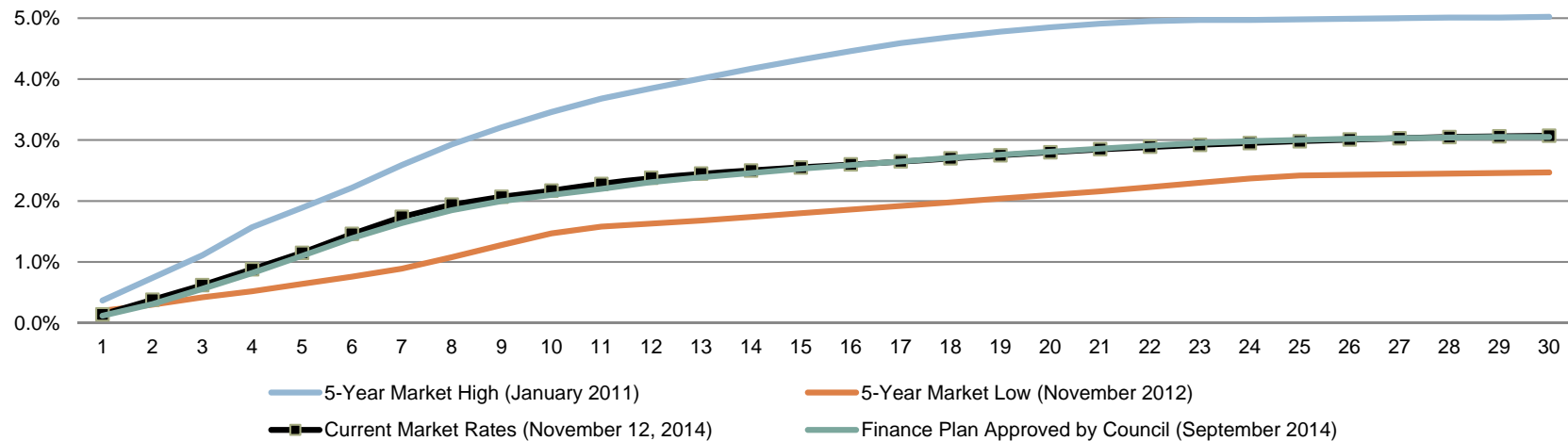


Background and Update

At the September 2nd Council meeting the Tukwila International Boulevard Redevelopment Project Financing Plan was approved:

- Variable rate 3-year line of credit for approximately \$2.25 million, the projected proceeds from future sale of the purchased properties on Tukwila International Boulevard
- Fixed rate 20-year bond offering for approximately \$3.85 million, the estimated net cost to the City for the project
- The plan anticipated annual debt service of approximately \$28,000 for the line of credit and approximately \$285,000 for the 20-year bond

AAA GO Municipal Market Data Index





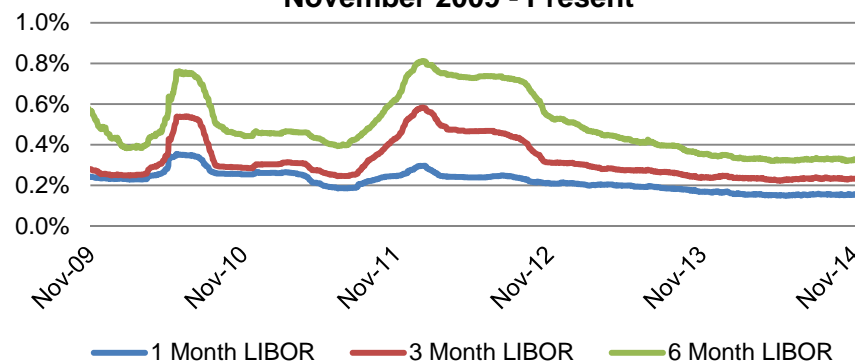
Line of Credit Financing Proposals

- Five banks proposed terms for the \$2.25 million line of credit component of the financing
 - Cashmere Valley Bank
 - Columbia Bank
 - Capital One Public Funding
 - Zions Bank
 - Bank of the West
- Variable rate proposals ranged from 1.23% to 2.15%
- Fixed rate proposals ranged from 1.70% to over 3.00%
- The recommended proposal was provided by Bank of the West at LIBOR plus 1.00% for a term of 3 years
- The variable rate is currently 1.23%, based on the current 3 month LIBOR

Historical LIBOR Rates

<i>Rates from 11/10/14</i>	<i>1M</i>	<i>3M</i>	<i>6M</i>
Current	0.16%	0.23%	0.33%
2-yr Avg.	0.18%	0.26%	0.38%
Max (20 yrs.)	6.82%	6.87%	7.11%
Min (20 yrs.)	0.15%	0.22%	0.32%
5 Years Prior	0.24%	0.27%	0.54%

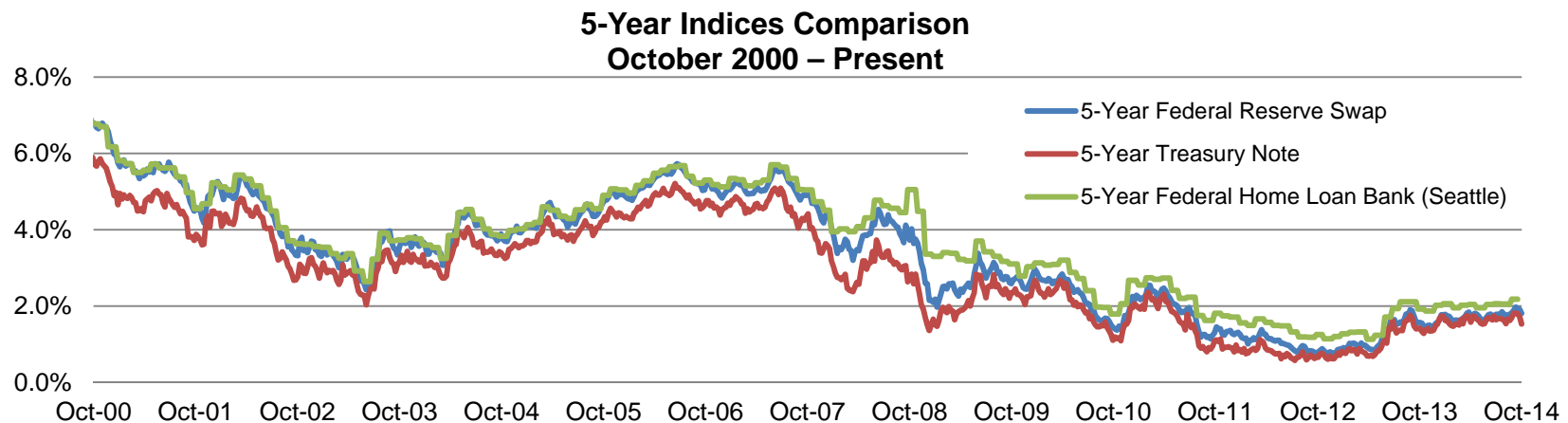
Historical LIBOR Rates
November 2009 - Present





20-Year Bonds Financing Proposals

- Four banks proposed terms for the \$3.85 million 20-year component of the financing
 - Cashmere Valley Bank
 - Columbia Bank
 - Capital One Public Funding
 - Zions Bank
- Proposals containing variable rate terms ranged from approximately 3.00% to 4.28%
- One 20-year fixed rate proposal was submitted with a rate of 6.34%
- The recommended proposal was provided by Zions Bank with an initial average rate of 3.00%
 - First 10 maturities are fixed for the term of the loan
 - Last 10 maturities are fixed for the first 5 years, then reset based on the 5-year Federal Home Loan rate





20-Year Bonds Financing Structure Overview

Series A:

Maturity Date	Amount	Rate
12/01/2015	142,000	0.85%
12/01/2016	148,000	1.17%
12/01/2017	150,000	1.60%
12/01/2018	153,000	2.17%
12/01/2019	156,000	2.67%
12/01/2020	160,000	3.26%
12/01/2021	165,000	3.93%
12/01/2022	172,000	4.32%
12/01/2023	179,000	4.63%
12/01/2024	187,000	4.86%
	1,612,000	

- Interest for "Series A" is fixed at the above rates for the life of the loan
- Interest for "Series B" is fixed at 2.85% for the first five years, then reset at 5 year intervals thereafter at the 5-year Federal Home Loan rate divided by 0.65

Series B:

Maturity Date	Amount	Rate
12/1/2015		2.85%
12/1/2016		2.85%
12/1/2017		2.85%
12/1/2018		2.85%
12/1/2019		2.85%
12/1/2020		**
12/1/2021		**
12/1/2022		**
12/1/2023		**
12/1/2024		**
12/1/2025	197,000	**
12/1/2026	202,000	**
12/1/2027	208,000	**
12/1/2028	214,000	**
12/1/2029	220,000	**
12/1/2030	226,000	**
12/1/2031	233,000	**
12/1/2032	239,000	**
12/1/2033	246,000	**
12/1/2034	253,000	**
Total	\$2,238,000	

** Interest rate is reset every 5 years at the 5-year Seattle Federal Home Loan Bank rate. The first reset is in 2019.



Estimated Debt Service

Estimated Total Debt Service

Period Ending	Initial Financing Proposal	Current Estimate	Difference
12/1/2015	\$ 314,000	\$ 288,000	\$ (26,000)
12/1/2016	314,000	288,000	(26,000)
12/1/2017	314,000	288,000	(26,000)
12/1/2018	285,000	260,000	(25,000)
12/1/2019	285,000	260,000	(25,000)
12/1/2020	285,000	260,000*	(25,000)
12/1/2021	285,000	260,000*	(25,000)
12/1/2022	285,000	260,000*	(25,000)
12/1/2023	285,000	260,000*	(25,000)
12/1/2024	285,000	260,000*	(25,000)
12/1/2025	285,000	260,000*	(25,000)
12/1/2026	285,000	260,000*	(25,000)
12/1/2027	285,000	260,000*	(25,000)
12/1/2028	285,000	260,000*	(25,000)
12/1/2029	285,000	260,000*	(25,000)
12/1/2030	285,000	260,000*	(25,000)
12/1/2031	285,000	260,000*	(25,000)
12/1/2032	285,000	260,000*	(25,000)
12/1/2033	285,000	260,000*	(25,000)
12/1/2034	285,000	260,000*	(25,000)
Total	\$5,787,000	\$5,284,000	\$503,000

* Based on indicative proposal rates, contains variable rate terms and is subject to change.





Recommendation and Timeline

PFM recommends that the City:

- Move forward with the proposal from Bank of the West for the line of credit
- Move forward with Zions Bank for the 20-year bond

Key Dates

November 17th	City Council meeting - Present Financing Recommendation
November 24th	City Council Meeting - First Reading of Ordinances
December 1st	City Council Meeting - Adoption of Ordinances
December 11th *	Note Closing - \$2.25 million Funds Delivered
Wk. of December 15th *	Bond Closing - \$3.85 million Funds Delivered



* Subject to change



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